

Week of 23 to 28 November

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INDUSTRY : Backward steps for Europe's footwear industry

The world's leading footwear producer is none other than the European Community which produces about one billion pairs of shoes per year. The EEC's footwear industry employs some 330,000 workers. Most of the Community's 10,000 footwear factories are small. Italy is the leading EEC footwear producer, employing about 138,000 workers. Next in line come the British and French producers who employ 75,000 and 65,000 workers respectively.

The Community can produce up to 80% of its leather requirements, a key advantage at a time of soaring raw material prices. This is especially important in the footwear industry where raw material prices represent about 48% of the final cost of the shoe.

The industry was expanding up to the 1970s and both the internal and external markets were flourishing. The Community footwear industry fell upon bad times about two years ago. Partial unemployment hit the sector and, for the first time, the trade balance ran up a deficit in 1980.

These difficulties are not linked to an unfavourable economic climate. World footwear consumption is, in fact, expanding and the European industry should, in theory, be expanding. The Community's rivals, however, appear to have monopolised all world markets and have even succeeded in penetrating the European market. In 1979, the Community imported about 265 million pairs of shoes of which 55% from the developing countries, and mainly Taiwan and South Korea. In 1980, these imports rocketed to 325 million pairs or about 30% of the market. At the same time, a number of countries have erected protectionist barriers against Community exports. These include either high customs duties (170% in Brazil), or quota restrictions imposed on imports of footwear from the Community.

The Community's footwear industry is therefore in a particularly difficult situation. Not only does it have to fight against third country imports on its own markets, it also has to struggle to gain access to markets outside the EEC. The European Commission has already begun negotiations with the EEC's main trading partners.

The question has also been dealt with by the economic affairs committee of the European Parliament which, in a report approved recently, calls for stronger measures if the negotiations do not lead to satisfactory solutions.

RESEARCH : Pushing into new frontiers of life

A new and expanded European effort to explore the practical uses of new forms of life has just been born.

Ministers of the European Community countries responsible for science and research just recently decided to devote about £4.5 million to help finance projects in the exciting new field of bio-technology.

Where there have been a number of popular misconceptions about the possibility of this scientific tinkering with genes leading to the production of Frankenstein monsters and other aberrations, scientists and public authorities see this type of activity leading to major breakthroughs in practical economic fields.

The aim of such research and development is the production of safe new biological organisms bearing specific characteristics that can perform certain functions.

For instance, few realise that only a limited amount of oil can be extracted from the earth's cavities through the convention well. However, scientists feel that if a new type of highly-absorbant ingredient could be produced through biological engineering that could be inserted in the oil deposits much more oil could be drawn out. The scientific community is also in constant search of more everyday uses in the field of drugs, medicines and pharmaceuticals and a number of major international companies have already launched ambitious programmes to industrially develop such products. Other activities aimed at new types of foods and agricultural products are another example of how this research can be of tangible benefit to the world.

One major problem facing Europe, however, is that much of the research work and commercial application of these new discoveries is being done in the United States and Japan. As in so many fields, the European activity is dispersed and sometimes duplicated. Acting on a proposal from the European Commission in Brussels, the Community research ministers recently agreed to launch a joint programme that would not only help coordinate the various independent activities in their countries in this field, but also to provide needed financial stimulus to projects that might otherwise not obtain all the necessary funding.

The first four-year programme will be aimed at a limited number of the most promising or urgent areas of biomolecular engineering such as genes transfer to micro-organism and in plants important to agriculture and also for improvement of methods for detecting contamination and for assessment of possible risks associated with applications in agriculture and industry of bio-molecular engineering.

ENVIRONMENT : Closing in on noise pollution

Excessive noise, once considered as only an annoying disturbance, is now recognised as a dangerous health problem. The damage that noise is now known to cause not only to hearing but also to other faculties has been upgraded to make noise pollution a major target of environmental protection. It has been proven that exposure to loud noise can produce brain damage, nervous disturbances and certain physical malfunctions in humans and animals. More and more efforts are being made throughout the world to protect the public from excessive exposure to noise as part of over-all environmental programmes and policies. Noise screens on motorways and better insulation in construction help shield the public from such problems and protection is also being introduced into factories and other work areas for the labour force.

A major problem discussed in connection with this protection campaign has been the design and comparison of test equipment and measurements. It is now seen as an extremely important part of the fight against noise to have efficient and generally recognised tests. In this way, what is considered acceptable or disapproved in one country can also be evaluated in the same way in others. This is highly significant in certain types of industries and for certain types of equipment which represent billions of pounds in manufacturing, sales and world trade. That's why major international conferences were organised in Washington and Brussels recently on testing for sound of certain types of equipment. Governments have also sought to develop cooperation in this field, especially in priority areas which are coming under environmental controls and noise standards in some countries. Such efforts have been underway between the European Community and the United States in certain types of construction equipment.

Now the European Commission in Brussels has just released a report urging more follow-up efforts to improve cooperation and methods in this field. It is singling out heavy construction equipment as a priority target. This includes jack-hammers, compressors, cranes and certain landscape or earthmoving devices. The report indicates that a large number of these tools are in use at thousands of work sites and are being bought and sold in international trade. For instance, data reveals that there were more than 80,000 mechanical shovels, earth-movers or other landscaping devices in the Federal Republic of Germany and in France and 45,000 cranes in the Federal Republic alone. World exports in construction equipment amounted to about £ 1 billion in 1979. So it is therefore important to get accurate measurements to protect both workers and the public without disrupting patterns of manufacture and trade.

SECURITY : Protecting Europe's shipping routes

Given its high degree of dependence on imports of oil and other key raw materials from the Third World, the European Community should take strict measures to ensure that its supply lines are never endangered by any action taken by Third countries.

The stern warning about the future of the EEC's supply of strategic raw materials was made by the European Parliament which met for its monthly plenary session in Strasbourg, November 16 to 20.

In a wide-ranging resolution calling on EEC member states to ensure the surveillance and protection of the Community's shipping routes for supplies of energy and raw materials, the Parliament introduced the possibility of EEC cooperation in the security and defence sectors.

The question is a particularly delicate one which the EEC has carefully skirted in the past. The Parliament has now, however, brought the issue out in the open by asking the following question : is the EEC willing to coordinate its naval patrols outside the zone covered by the North Atlantic Treaty and to strengthen member states' naval forces, or will it run the risk of sudden disruptions in its supplies of strategic raw materials ?

The Parliament's interest in greater protection of Europe's shipping routes is prompted by fears of the increasing sea power of the Soviet Union. In his report to the European Parliament recently, French member André Diligent warns that the Soviet Union's "naval forces and her merchant marine present a growing and calculated threat" to Europe's shipping routes.

The report also points out that the freedom of movement by sea is vital to the economies of both the EEC countries and the Third World countries with which they maintain relations and whose economic development depends on their ability to export.

The EEC's dependence on external sources of supply for oil and such strategic minerals as manganese, chromium, cobalt, tungsten and vanadium was brought home with particular force following the sudden decision to increase oil prices taken by the Organisation of Petroleum Exporting Countries in 1973.

The parliamentary report warns that Europe's supplies could be threatened by at least three types of actions. Supplies could be "interrupted at source" by revolutionary movements in the raw material-exporting countries themselves. Shipping routes could be cut because of armed intervention at sea, or there could be war at sea between Nato and Warsaw Pact forces. What is needed, therefore, says the report is joint Community responsibility for security questions falling outside the zone covered by the Atlantic Alliance.

ENERGY : Europe returns to coal

Conventional wisdom has it that history continuously repeats itself and the fate of the coal industry in the European Community illustrates this belief perfectly.

In the aftermath of the Second World War, coal was the only source of energy available in important quantities in European countries. The creation in 1951 of the European Coal and Steel Community is also testimony to the fact that coal remained the driving force behind the construction of Europe during all the 1950s.

But, beginning in 1958, the coal mining industry was confronted by growing competition from oil, at that time still cheap. To avoid the collapse of their mining industries European governments began devising various aid mechanisms. Despite these measures, however, large numbers of coal pits were closed down and European production dropped appreciably. From 437 million tonnes in 1960, output fell to 270 million tonnes in 1973.

That's when the European Commission in Brussels pressed the alarm button to warn of the dangerous dependence being developed on imported oil. It foresaw the need to maintain internal production at the same 1973 level, but this target could not be reached because in 1978 production had dropped to 238 million tonnes.

All the measures proposed by the Commission and supported by the European Parliament to reverse this trend have run into a veto from Community member countries without coal resources of their own. In the European Community, France, the United Kingdom and the Federal Republic of Germany are the only major producing countries, with Belgium producing a lesser amount. The other member countries let it be understood that they had little interest in financing production through the Community budget.

The increase in oil prices resulted in a quest for other energy sources, but the cost of domestic coal remained higher than prices on the world coal market. As a result, a preference was given to imports over autonomous production. European coal has now become competitive with oil, but not with coal imported from outside.

In 1980, the total consumption of coal in the European Community amounted to 314 million tonnes. Imports from outside the Community reached 74,5 million tonnes, 94 per cent of which came from only four exporting countries - the United States, South Africa, Poland and Australia.

Also evident has been some change in the pattern of demand in the Community. While the electric power sector consumes an increasing part of the total use of coal (184 million tonnes in 1980), the coal needs of the European steel industry have fallen to about 63 million tonnes in the wake of the slump experienced by the steel sector. But an overall increase in the use of coal is nevertheless expected in the coming years. According to estimates by the European Commission, requirements for coal are expected to increase to about 390 million tonnes in 1990 and to close to 580 million tonnes by the year 2000. If the expected rapid rise in world coal prices is added to those expectations, European coal is seen as having a healthy future ahead of it. That, at least, is the forecast of the European Parliament Committee on Energy and Research which will soon submit a detailed report on the subject to the full house. According to this committee, all new initiatives by the Community in the coal sector should also take into account the interest of the non-producing member countries. Support should be extended to development of coal mining regions at the same time as adjustments are made to infrastructure in other parts of the Community to improve the transport and use of coal. In the short-term, the goal would be to avoid all new closures of coal mining operations and to re-establish production at a level of 270 million tonnes. To achieve this, the Parliament committee feels it is urgent and indispensable to adopt measures to stimulate an increased use of coal in industry in general and especially in electric power stations.

EMPLOYMENT : The record of 10 million unemployed is in sight

Some 200,000 Europeans joined the ranks of the unemployed in October, bringing the total number of job-seekers in the European Community to 9.7 million. It is now nearly certain that 10 million unemployed will be registered before the end of the year. A deterioration of the labour market has been particularly noteworthy recently in the Federal Republic of Germany, Luxembourg, the Netherlands and Denmark, while the situation has somewhat stabilised in Italy, Ireland and Belgium, albeit at a relatively high level.

During the last 12 months, the increase in unemployment has been 32 per cent as a Community average, which represents the largest increase since the start of the current economic crisis. Specialists expected a reversal of this trend towards the middle of the 1980s, but throughout the population the feeling that the intolerable has already been reached is widespread.